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Hardy cites family as key to decision to leave BPA

Bonneville Power Administration

The following statement was released to Bonneville Power Administration employees on July 31, 1997

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The decision was clinched for Randy Hardy, BPA Administrator, when he looked at a poster his four-year old son had drawn recently. It was a balloon, and underneath Christopher had written, "If I were a balloon, I would fly to Portland because my Dad is there."

With that, Hardy knew he had to make a difficult decision, and the decision is to leave BPA on or around the first of October. He emphasized that personal reasons were driving the decision. "I cannot continue to ask my family to make sacrifices associated with our ongoing separation. Our family residence is in Seattle, while I am working in Portland. I cannot and do not want to continue to be an absentee father and husband," he said.

While Hardy acknowledged there is no good time to leave, he noted that BPA was in good shape and poised well for the future. It has improved its financial strength. The Regional Review has completed its work of defining BPA's future role, and implementation of that role is well underway. BPA is working constructively and closely with the governors' Transition Board. There is a solid consensus among the Congressional delegation that supports BPA's future.

There are, of course, a number of challenging issues, he noted, but the region is moving solidly ahead in a coordinated effort. And, thanks to a number of steps BPA has taken in the recent past, the region has stability and time--until 2001--to assure BPA's long-term financial health.

Time for new leadership

"We have a strong new senior leadership team in place, one that I expect to be around for at least a decade. I have full confidence in Deputy Administrator Jack Robertson and Chief Operating Officer Sue Hickey. We have worked closely as a team, and I know they will provide a new administrator, whoever he or she is, with excellent support and continuity. It is time for new energy to help BPA meet the challenges of industry restructuring," Hardy added, noting he has been here six years, longer than any administrator since William Pearl in the 1950s. "I believe BPA will benefit from a fresh perspective during a time of tremendous change."

Hardy said that the next steps to secure BPA's future--such as successful subscription, some separation legislation, IGO participation--will likely take two or three years to complete. He felt, for his family's sake, he could not stay that long. "The steps to be taken are clearly identified, and we are just starting to

engage on how to take them. This is a good time for new leadership to take over."

Hardy, 53, came to BPA in October 1991 as BPA's 11th administrator. He previously had served seven years as superintendent of Seattle City Light, the nation's seventh largest municipal utility, and for two years prior to that he had been executive director of the Pacific Northwest Utilities Conference Committee, a regional association of BPA customers. That followed a short stint, 1980 to 1981, as BPA's Puget Sound area manager.

Transition into a competitive era

Hardy came to BPA at a time that many believe has been the agency's most challenging decade, a time when BPA was forced to confront enormous change and redefine its role in a newly deregulated electricity industry. He led the agency's transition into the competitive era, turning BPA from what many perceived as a slow-moving bloated bureaucracy into a leaner, quicker agency equipped to survive in a fast-moving competitive marketplace.

To do this, Hardy took steps that many considered would have been impossible at the time. He cut BPA's projected budgets through 2000 by \$600 million annually and reduced staff and contractor levels by 20 percent. He achieved the first stabilization of soaring fish and wildlife costs, by securing an Administration and regional agreement to stabilize the costs at a predictable level for five years.

He called for and got the Washington Public Power Supply System to terminate two uncompleted nuclear projects.

He led BPA through a Competitiveness Project that saw a reorganization across all levels, ultimately giving BPA a necessary strong customer focus. The reorganization created account executives to deliver personal service directly to customers, who previously had to wade through what they considered a "central office bureaucracy."

Under Hardy's leadership, BPA voluntarily opened up its transmission system to provide equitable access to all transmission customers and was the first federal agency to develop an on-line, real-time information network for transmission scheduling, availability and rates.

To further ensure a competitive marketplace, Hardy guided BPA's administrative separation of power marketing and transmission functions, and continues to be a strong advocate for eventual separation of these business lines into two distinct federal agencies.

Stabilizing BPA's finances through 2001

Thanks to stabilization of fish costs and a stringent internal cost-cutting program, under Hardy's leadership, BPA was able to offer an unprecedented 15 percent rate decrease to public customers in 1996 and a flat five-year rate to all customers, at the same time giving customers some diversity rights in the interest of long-term customer relations.

As a result, BPA successfully renegotiated power sales contracts with all direct service industry and public utility customers, ensuring the revenue stability to meet its public purposes at least through 2001, thus giving the region a grace period to approach utility restructuring with careful planning, rather than reacting to an emergency.

Under Hardy's tenure, BPA further enhanced its revenues by successfully going to Congress for enhanced ability to market power, excess to regional needs, out of region for up to seven years. BPA also won Congressional approval to refinance its debt to the U.S. Treasury at current rates, thus ending

years of refinancing threats that had carried the specter of double-digit rate increases.

Under Hardy, BPA continued to make its U.S. Treasury payment in full and on time. Hardy was outspoken that, however BPA was reorganized in the future, it must be done in a way that would not harm U.S. taxpayers. Thanks to him, this concept was adopted as a guiding principle in the Regional Review.

Reaffirmation of public benefits

Despite intense efforts to put BPA on a sound business and financial footing, Hardy never lost sight of BPA's purpose--to provide public benefits. He emphasized that commercial success in the marketplace was the means to that end, not the end itself.

In the face of the most intense competitive pressure, he saw the agencies fish and wildlife contributions reach new heights--an average of \$252 million a year in direct funding plus combined outlays and foregone revenues resulting from hydro operations that placed fish before power. Altogether, this added up to an average annual figure of more than \$400 million.

He sustained energy conservation and renewable acquisition programs at a time when others in the utility industry were moving away from such programs because of the competitive climate.

And, as the Northwest examined electricity restructuring and planned its future, he reminded everyone that BPA's cost-based rates were a long-term regional benefit that would provide stability to the region well into the future, providing protection from rate inflation no matter where the market were to go.

Hardy's personal stamp

Hardy took seriously his role of steward of the Columbia River, but was always mindful that the role was as a co-manager with other federal agencies. He was tough and candid, but always a team player. He worked hard to have a good relationship with the Northwest Power Planning Council, as well as the federal agencies.

He was committed to meeting the region's Indian tribes on a sovereign-to-sovereign basis. Under his guidance, BPA was the first federal agency in the region to develop a tribal policy that affirmed respect for the tribes and acknowledged their sovereign status.

At BPA, he was known for his ability to make quick and tough decisions and for his unrivaled grasp of detail. He was direct, clear and concise, and often so candid when talking to customers or the media that he would surprise some of his colleagues.

His military background--he graduated from the U.S. Naval Academy and spent nine years as a naval officer--was apparent in his bearing and his ability to take command of a situation. Although he could be terse, Hardy was unfailingly polite, fair, and accessible, but not known to smile a lot--with one exception.

Whenever he spoke of his son Christopher, whom he and his wife, Jane, adopted, he was utterly transformed. His reason for leaving BPA comes as no surprise to those who know him and how important his family is to him.

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